

**UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE**

In re Earth Fare, Inc., et al.,
Debtors

Reporting Period:

Case No. 20-10256
05/01/20 - 05/31/20

MONTHLY OPERATING REPORT
File with Court and submit copy to United States Trustee within 20 days after end of month.

Submit copy of report to any official committee appointed in the case.

REQUIRED DOCUMENTS	Form No.	Document Attached	Explanation Attached	Affidavit/Supplement Attached
Schedule of Cash Receipts and Disbursements	MOR-1	X		
Bank Reconciliation (or copies of debtor's bank reconciliations)	MOR-1a	X		
Schedule of Professional Fees Paid	MOR-1b	X		
Copies of bank statements				
Cash disbursements journals				
Statement of Operations	MOR-2	X		
Balance Sheet	MOR-3	X		
Status of Postpetition Taxes	MOR-4	X		
Copies of IRS Form 6123 or payment receipt				
Copies of tax returns filed during reporting period				
Summary of Unpaid Postpetition Debts	MOR-4	X		
Listing of aged accounts payable	MOR-4	X		
Accounts Receivable Reconciliation and Aging	MOR-5	X		
Debtor Questionnaire	MOR-5	X		

I declare under penalty of perjury (28 U.S.C. Section 1746) that this report and the attached documents are true and correct to the best of my knowledge and belief.

/s/ Mindy Harvey
Signature of Authorized Individual*

6/15/2020
Date

Mindy Harvey
Printed Name of Authorized Individual

Chief Financial Officer
Title of Authorized Individual

*Authorized individual must be an officer, director or shareholder if debtor is a corporation; a partner if debtor is a partnership; a manager or member if debtor is a limited liability company.

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MONTHLY OPERATING REPORT

NOTES

On February 4, 2020 (the "**Petition Date**"), Earth Fare, Inc. and EF Investment Holdings, Inc. (together, the "**Debtors**") each filed a voluntary petition with the United States Bankruptcy Court for the District of Delaware (the "**Bankruptcy Court**"). The Debtors' bankruptcy filings are jointly administered under Case No. 20-10256.

The accompanying schedules MOR-1 through MOR-5 are unaudited, preliminary, and may not comply with generally accepted accounting principles in the United States of America ("**U.S. GAAP**") in all material respects. In addition, the financial statements and the supplemental information contained herein represent the financial information on a consolidated basis of the Debtors.

The Monthly Operating Report is limited in scope, covers a limited time period, and has been prepared solely for the purpose of complying with the monthly reporting requirements of the Bankruptcy Court and the United States Trustee. The unaudited financial statements have been derived from the books and records of the Debtors. The information presented herein has not been subjected to all procedures that would typically be applied to financial information presented in accordance with U.S. GAAP. Upon the application of such procedures, the financial information could be subject to changes, and these changes could be material. The information furnished in this Monthly Operating Report includes normal recurring adjustments, but does not include all of the adjustments that would typically be made for interim financial statements in accordance with U.S. GAAP.

Given the complexity of the Debtors' business, inadvertent errors, omissions or over inclusions may have occurred. Accordingly, the Debtors hereby reserve all of their rights to dispute the validity, status, enforceability, or executory nature of any claim amount, representation or other statement in this Monthly Operating Report and reserve the right to amend or supplement this Monthly Operating Report, if necessary, but shall be under no obligation to do so.

In re Earth Fare, Inc., et al.,
DebtorsCase No. 20-10256
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SCHEDULE OF CASH RECEIPTS AND DISBURSEMENTS

Amounts reported should be per the debtor's books, not the bank statement. The beginning cash should be the ending cash from the prior month or, if this is the first report, the amount should be the balance on the date the petition was filed. The amounts reported in the "CURRENT MONTH - ACTUAL" column must equal the sum of the four bank account columns. The amounts reported in the "PROJECTED" columns should be taken from the SMALL BUSINESS INITIAL REPORT (FORM IR-1). Attach copies of the bank statements and the cash disbursements journal. The total disbursements listed in the disbursements journal must equal the total disbursements reported on this page. A bank reconciliation must be attached for each account. [See MOR-1 (CONT)]

CASH BEGINNING OF MONTH	BANK ACCOUNTS				CURRENT MONTH		CUMULATIVE FILING TO DATE	
	OPER.	PAYROLL	TAX	OTHER	ACTUAL	PROJECTED	ACTUAL	PROJECTED
	20,251,825			498,439				
RECEIPTS								
CASH SALES	-							
ACCOUNTS RECEIVABLE	153,562							
LOANS AND ADVANCES	-							
SALE OF ASSETS	-							
OTHER (ATTACH LIST)	76,458							
TRANSFERS (FROM DIP ACCTS)	-							
TOTAL RECEIPTS	230,019							
DISBURSEMENTS								
NET PAYROLL	15,227							
PAYROLL TAXES	-							
SALES, USE, & OTHER TAXES	-							
INVENTORY PURCHASES	-							
SECURED/ RENTAL/ LEASES	-							
INSURANCE	6,976							
ADMINISTRATIVE	375,496			533				
SELLING	-							
OTHER (ATTACH LIST)	516,403							
OWNER DRAW *	-							
TRANSFERS (TO DIP ACCTS)	-							
PROFESSIONAL FEES	41,079							
U.S. TRUSTEE QUARTERLY FEES	-							
COURT COSTS	-							
TOTAL DISBURSEMENTS	955,181			533				
NET CASH FLOW (RECEIPTS LESS DISBURSEMENTS)	(725,162)			(533)				
CASH - END OF MONTH	19,526,663			497,906				
	19,526,663			497,906				

* COMPENSATION TO SOLE PROPRIETORS FOR SERVICES RENDERED TO BANKRUPTCY ESTATE

THE FOLLOWING SECTION MUST BE COMPLETED

DISBURSEMENTS FOR CALCULATING U.S. TRUSTEE QUARTERLY FEES: (FROM CURRENT MONTH ACTUAL COLUMN)	
TOTAL DISBURSEMENTS	955,181
LESS: TRANSFERS TO DEBTOR IN POSSESSION ACCOUNTS	0
PLUS: ESTATE DISBURSEMENTS MADE BY OUTSIDE SOURCES (i.e. from escrow accounts)	0
TOTAL DISBURSEMENTS FOR CALCULATING U.S. TRUSTEE QUARTERLY FEES	955,181

SCHEDULE OF OTHER FEES AND EXPENSES PAID

Payee	Period Covered	Amount Approved	Payor	Check	Amount Paid		Year-To-Date
				Number	Fees	Expenses	Expenses
Debtor Professional Fees Escrow & Committee Professional Fees Escrow				wire	225,000.00		
Conway McKenzie	Dec 2019 - Mar 2020			wire	79,965.50		
Chapman & Cutler	Through and including April 2020			wire	176,120.50		
Director Fee	May-20			wire	25,000.00		
Conway McKenzie	04/01/20-05/05/20			wire	10,317.00		

516,403.00

	Operating		Payroll		Tax		Other	
	#		#		#		#	
BALANCE PER BOOKS	-						-	
BANK BALANCE	19,596,873		-				497,906	
(+) DEPOSITS IN TRANSIT (ATTACH LIST)								
(-) OUTSTANDING CHECKS (ATTACH LIST)	70,211							
OTHER (ATTACH EXPLANATION)								
ADJUSTED BANK BALANCE *	19,526,663						497,906	
* Adjusted bank balance must equal balance per books							-	
DEPOSITS IN TRANSIT	Date	Amount						
CHECKS OUTSTANDING	Ck. #	Amount	Ch. #	Amount	Ck. #	Amount	Ck. #	Amount
	416793	14.78						
	416824	22.10						
	416830	63.00						
	416832	26.00						
	416858	597.88						
	416899	101.53						
	416936	29.20						
	416946	30.46						
	417030	328.67						
	417352	33.14						
	417482	10.00						
	417485	238.68						
	417547	757.58						
	417549	62.99						
	417550	401.06						
	417553	614.35						
	417558	61.26						
	417562	729.12						
	417569	629.27						
	417596	53,848.93						
	417698	1,965.17						
	417707	14.53						
	417767	500.30						
	417815	125.00						
	417856	169.37						
	417857	29.08						
	417858	76.04						
	417859	141.95						
	417860	5.90						
	417861	42.64						
	417862	30.79						
	417927	315.00						
	417986	385.00						
	417991	71.32						
	417994	385.00						
	417995	59.00						
	417997	46.41						
	417998	197.56						
	417999	6,874.50						
	418000	175.95						
OTHER								

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SCHEDULE OF PROFESSIONAL FEES AND EXPENSES PAID

This schedule is to include all retained professional payments from case inception to current month.

[illegible]

In re Earth Fare, Inc., et al.,
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STATEMENT OF OPERATIONS
(Income Statement)

The Statement of Operations is to be prepared on an accrual basis. The accrual basis of accounting recognizes revenue when it is realized and expenses when they are incurred, regardless of when cash is actually received or paid.

REVENUES	Month	Cumulative Filing to Date
Gross Revenues	-	34,330,432
Less: Returns and Allowances	-	-
Net Revenue	-	34,330,432
COST OF GOODS SOLD		-
Beginning Inventory	-	31,432,692
Add: Purchases	-	140,003
Add: Cost of Labor	-	-
Add: Other Costs (attach schedule)	-	-
Less: Ending Inventory	-	-
Cost of Goods Sold	-	31,572,695
Gross Profit	-	2,757,737
OPERATING EXPENSES		-
Advertising	-	76,006
Auto and Truck Expense	-	-
Bad Debts	-	-
Contributions	-	-
Employee Benefits Programs	349	1,246,502
Insider Compensation*	14,327	411,667
Insurance	6,976	416,697
Management Fees/Bonuses	-	-
Office Expense	25,558	406,943
Pension & Profit-Sharing Plans	-	-
Repairs and Maintenance	-	3,883
Rent and Lease Expense	-	3,866,286
Salaries/Commissions/Fees	1,400	6,001,966
Supplies	-	57,041
Taxes - Payroll	-	767,944
Taxes - Real Estate	-	95,769
Taxes - Other	-	2,727
Travel and Entertainment	-	52,031
Utilities	61,333	1,626,032
Other (attach schedule)	-	754,473
Total Operating Expenses Before Depreciation	109,943	15,785,967
Depreciation/Depletion/Amortization	-	-
Net Profit (Loss) Before Other Income & Expenses	(109,943)	(13,028,230)
OTHER INCOME AND EXPENSES		-
Other Income (attach schedule)	-	9,196,287
Interest Expense	-	-
Other Expense (attach schedule)	-	-
Net Profit (Loss) Before Reorganization Items	(109,943)	(3,831,943)
REORGANIZATION ITEMS		-
Professional Fees	557,482	5,712,905
U. S. Trustee Quarterly Fees	-	250,000
Interest Earned on Accumulated Cash from Chapter 11 (see continuation sheet)	-	-
Gain (Loss) from Sale of Equipment	-	-
Other Reorganization Expenses (attach schedule)	-	-
Total Reorganization Expenses	557,482	5,962,905
Income Taxes	-	-
Net Profit (Loss)	(667,425)	(9,794,848)

*"Insider" is defined in 11 U.S.C. Section 101(31).

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STATEMENT OF OPERATIONS - continuation sheet

BREAKDOWN OF "OTHER" CATEGORY	Month	Cumulative Filing to Date
Other Costs		
PACA/PASA CLAIMS	274,106	9,017,625
Other Operational Expenses		
Other Income		
Utility Deposit Refunds	76,458	76,458
Other Expenses		
Other Reorganization Expenses		

Reorganization Items - Interest Earned on Accumulated Cash from Chapter 11:

Interest earned on cash accumulated during the chapter 11 case, which would not have been earned but for the bankruptcy proceeding, should be reported as a reorganization item.

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BALANCE SHEET

The Balance Sheet is to be completed on an accrual basis only. Pre-petition liabilities must be classified separately from postpetition obligations.

ASSETS	BOOK VALUE AT END OF CURRENT MONTH	BOOK VALUE ON PETITION DATE
CURRENT ASSETS		
Unrestricted Cash and Equivalents	20,024,568	11,405,448
Restricted Cash and Cash Equivalents (see continuation sheet)	-	-
Accounts Receivable (Net)	1,616,966	2,197,913
Notes Receivable	-	-
Inventories	-	31,432,692
Prepaid Expenses	2,039,533	2,056,393
Professional Retainers	-	-
Other Current Assets (attach schedule)	-	-
TOTAL CURRENT ASSETS	23,681,067	47,092,446
PROPERTY AND EQUIPMENT		
Real Property and Improvements	-	-
Machinery and Equipment	-	94,736,712
Furniture, Fixtures and Office Equipment	-	58,152,471
Leasehold Improvements	-	77,881,545
Vehicles	-	328,624
Less Accumulated Depreciation	-	(132,334,615)
TOTAL PROPERTY & EQUIPMENT	-	98,764,736
OTHER ASSETS		
Loans to Insiders*	-	-
Other Assets (attach schedule) **	1,081,175	42,527,305
TOTAL OTHER ASSETS	1,081,175	42,527,305
TOTAL ASSETS	24,762,242	188,384,488

LIABILITIES AND OWNER EQUITY	BOOK VALUE AT END OF CURRENT MONTH	BOOK VALUE ON PETITION DATE
LIABILITIES NOT SUBJECT TO COMPROMISE (Postpetition)		
Accounts Payable	-	-
Taxes Payable (refer to FORM MOR-4)	1,751,286	2,348,950
Wages Payable	-	1,628,368
Notes Payable	-	-
Rent / Leases - Building/Equipment	25,033	2,300,000
Secured Debt / Adequate Protection Payments	-	-
Professional Fees	-	-
Amounts Due to Insiders*	-	-
Other Postpetition Liabilities (attach schedule)	-	-
TOTAL POSTPETITION LIABILITIES	1,776,318	6,277,318
LIABILITIES SUBJECT TO COMPROMISE (Pre-Petition)		
Secured Debt	60,250,000	60,250,000
Priority Debt	14,800,000	14,800,000
Unsecured Debt	97,848,906	115,571,794
TOTAL PRE-PETITION LIABILITIES	172,898,906	190,621,794
TOTAL LIABILITIES	174,675,224	196,899,112
OWNER EQUITY		
Capital Stock	46,000,000	46,000,000
Additional Paid-In Capital	68,465,270	68,465,270
Partners' Capital Account	-	-
Owner's Equity Account	-	-
Retained Earnings - Pre-Petition	(122,979,894)	(122,979,894)
Retained Earnings - Postpetition	(9,794,848)	-
Adjustments to Owner Equity (attach schedule)	-	-
Postpetition Contributions (Distributions) (Draws) (attach schedule)	-	-

<i>NET OWNER EQUITY</i>	(18,309,472)	(8,514,624)
TOTAL LIABILITIES AND OWNERS' EQUITY	156,365,752	188,384,488
	(131,603,510)	(0)

*"Insider" is defined in 11 U.S.C. Section 101(31).

** The book value of "Other Assets" as of the petition date is listed as an historical estimate and is used solely for accounting purposes.

In re Earth Fare, Inc., et al.,
Debtor

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BALANCE SHEET - continuation sheet

ASSETS		BOOK VALUE AT END OF CURRENT MONTH	BOOK VALUE ON PETITION DATE
Other Current Assets			
Other Assets			
	Prepaid Expense - Non Current	435,485	435,485
	Deposits	645,690	622,352
*	Goodwill	-	25,779,218
*	Non Amortizable Intangible - Brand Name	-	15,200,000
*	UPC Registration	-	10,842
*	Brand Mark	-	79,886
*	Loan Fees	-	1,229,251
*	Alcohol Licenses	-	191,921
*	Deferred Leasing Costs	-	391,286
*	Accumulated Amortization	-	(1,412,935)
	Intangible Assets - Net	1,081,175	41,469,469
LIABILITIES AND OWNER EQUITY		BOOK VALUE AT END OF CURRENT MONTH	BOOK VALUE ON PETITION DATE
Other Postpetition Liabilities			
Adjustments to Owner Equity			
Postpetition Contributions (Distributions) (Draws)			

Restricted Cash is cash that is restricted for a specific use and not available to fund operations. Typically, restricted cash is segregated into a separate account, such as an escrow account.

* The book values of "Other Assets" as of the petition date are listed at historical estimates and are used solely for accounting purposes.

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STATUS OF POSTPETITION TAXES

The beginning tax liability should be the ending liability from the prior month or, if this is the first report, the amount should be zero.
Attach photocopies of IRS Form 6123 or payment receipt to verify payment or deposit of federal payroll taxes.
Attach photocopies of any tax returns filed during the reporting period.

	Beginning Tax Liability	Amount Withheld or Accrued	Amount Paid	Date Paid	Check No. or EFT	Ending Tax Liability
Federal						
Withholding	-		-			0
FICA-Employee	-		-			0
FICA-Employer	-		-			0
Unemployment	-		-			0
Income	-		-		-	0
Other:	-		-		-	0
Total Federal Taxes	-		-		-	0
State and Local						
Withholding	-		-			0
Sales	-		-			-
Excise	-		-			0
Unemployment	-		-			0
Real Property	390,828		-		-	390,828
Personal Property	1,360,458		-		-	1,360,458
Other:	-		-	-	-	0
Total State and Local	1,751,286		-	-	-	1,751,286
Total Taxes	1,751,286		-	-	-	1,751,286

SUMMARY OF UNPAID POSTPETITION DEBTS

Attach aged listing of accounts payable.

	Number of Days Past Due					Total
	Current	0-30	31-60	61-90	Over 90	
Accounts Payable						-
Wages Payable	-					-
Taxes Payable						-
Rent/Leases-Building		-			25,033	25,033
Rent/Leases-Equipment						-
Secured Debt/Adequate Protection Payments						-
Professional Fees						-
Amounts Due to Insiders*						-
Other:						-
Other:						-
Total Postpetition Debts	-	-	-	-	25,033	25,033

Explain how and when the Debtor intends to pay any past-due postpetition debts.

*"Insider" is defined in 11 U.S.C. Section 101(31).

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ACCOUNTS RECEIVABLE RECONCILIATION AND AGING

Accounts Receivable Reconciliation		Amount
Total Accounts Receivable at the beginning of the reporting period		1,770,528
+ Amounts billed during the period		-
- Amounts collected during the period		153,562
Total Accounts Receivable at the end of the reporting period		1,616,966
Accounts Receivable Aging		Amount
0 - 30 days old		-
31 - 60 days old		-
61 - 90 days old		-
91+ days old		3,252,119
Total Accounts Receivable		3,252,119
Amount considered uncollectible (Bad Debt)		(1,635,153)
Accounts Receivable (Net)		1,616,966

DEBTOR QUESTIONNAIRE

Must be completed each month	Yes	No
1. Have any assets been sold or transferred outside the normal course of business this reporting period? If yes, provide an explanation below. *		X
2. Have any funds been disbursed from any account other than a debtor in possession account this reporting period? If yes, provide an explanation below.		X
3. Have all postpetition tax returns been timely filed? If no, provide an explanation below.	X	
4. Are workers compensation, general liability and other necessary insurance coverages in effect? If no, provide an explanation below.	X	
5. Has any bank account been opened during the reporting period? If yes, provide documentation identifying the opened account(s). If an investment account has been opened provide the required documentation pursuant to the Delaware Local Rule 4001-3.		X